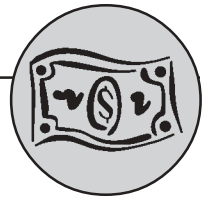


# PRE-TAX PLAN - 2005

Administered by the State of Montana Employee Benefits Bureau  
1-800-287-8266 or 444-7462 in Helena • [www.state.mt.us/doa/spd/benefits/index.htm](http://www.state.mt.us/doa/spd/benefits/index.htm)



## Enrollment/Change Form Part 1: Premium Payment Plan also known as Pre-tax Plan



### Benefit of Participation Pre-tax Eligible

### Eligible Premiums

- Medical, dental, vision, accidental death & dismemberment coverage, up to \$50,000 in employee term life, and long term disability.

*\*IRS regulations do not permit refunds of premiums paid pre-tax. Be sure to notify the Employee Benefits Bureau of any changes as soon as possible to avoid losing premiums.*

## GENERAL INFORMATION

### WHO IS ELIGIBLE?

All employees enrolled in the State Employee Benefit Plan are eligible to participate in the Pre-tax Plan. Enrollment is automatic, unless an employee elects not to participate in the plan. Employees who enroll in a Flexible Spending Account are required to participate in the Pre-tax Plan.

### INSTRUCTIONS

1. Read about the Pre-tax Plan in the General Information section on this page.
2. Decide if you want to participate in the Pre-tax Plan.
3. If you would like to participate, complete the Pre-tax (Premium Payment Plan) portion in Part 1 of the New Enrollment/ Change Form.

The State offers benefits to employees who are eligible through a cafeteria plan as authorized by Section 125 of the Internal Revenue Code.

The Pre-tax Plan allows you to pay for your portion of most of your insurance elections on a pre-tax basis, and save money on your taxes. If the state contribution covers your insurance elections entirely, you do not pay premiums out-of-pocket. If so, you do not need to participate in the Pre-tax Plan, unless you have a Flexible Spending Account. Benefit Plan members enrolled in a Flexible Spending Account must participate in the Pre-tax Plan.

### ELIGIBLE BENEFITS

Premiums for the State's insurance plans for medical, dental, vision, accidental death & dismemberment (AD&D), employee term life, and long term disability may be paid pre-tax through the Pre-tax Plan.

### LOSS OF ELIGIBILITY

If the employee divorces, their spouse and any stepchildren will lose their eligibility.

Dependent children will lose their eligibility if/when the last dependent child turns 25 years old, marries, or gains employment offering similar coverage. Dependents losing eligibility for coverage due to divorce, turning age 25, or marriage will become ineligible at the end of the month for which a partial or full premium has been paid. Dependent children losing eligibility due to employment will become ineligible on the last day of the pay period in which the event occurs.

### WHAT'S THE CATCH?

According to an interpretation of IRS rules, a potential drawback of the Pre-tax Plan is that no refund of overpaid premiums is available. This means you must notify the Employee Benefits Bureau right away if a dependent spouse or child loses eligibility for coverage. If you do not notify the EBB of a loss of eligibility, and more premiums are taken out of your check than you owe, no refund of premiums is available. Also, remember that gross earnings for purposes of determining social security benefits are reduced by pre-tax deductions.

### INELIGIBLE BENEFITS

Dependent life insurance coverage, supplemental spouse life insurance coverage, and Long Term Care insurance coverage are defined by IRS code as taxable benefits and are excluded from the Pre-tax Plan.